

I. SUMMARY OF REMARKS/ARGUMENTS

A. CURRENT STATUS:

Applicant thanks Examiner for withdrawing the finality of the previous Office action pursuant to 37 CFR 1.114 and granting continued examination of Applicant's application.

Claims 48-86 are pending in the application. In a Non-Final Office Action dated May 7, 2006, Examiner rejected the following Applicant's claims:

1) Claims 48-86 were rejected under 35 U.S.C. 112, second paragraph, as being indefinite because the word "substantially" in claims 48-78 and "approximately" in claims 79-86 were relative terms "which renders the claims indefinite."

2) Claims 48-52, 54-56, 60-62, 67-71, 73-74, 78-79 and 83 under 35 U.S.C. 103(a) as being unpatentable over Barber et al., U. S. Pat. No. 4,858,121 (hereinafter Barber) in view of Little et al., U.S. Pat. No. 5,359,509 (hereinafter Little) and in view of the new reference Newswire (Press Release: "Speedware, Prospective Health Inc., Announce Reseller Agreement." New York: Jan 20, 1998, pg. 1; 2 pages) (hereinafter "Newswire").

3) Claims 53, 57-59, 63-66, 72, 75-77, 80-82 and 84-86 under 35 U.S.C. 103(a) as being unpatentable over Barber in view of Little and in view of Newswire as applied to claim 24, and further in view of US Pat. No. 5,235,507 to Sackler et al., (hereinafter Sackler).

B. OVERVIEW OF ARGUMENTS:

Applicant's response is organized in the following manner. First, Applicant respectfully submits a statement of law regarding the standard for obviousness. Applicant then addresses the rejections under 35 U.S.C. §112 and 35 U.S.C. 103(a). Unless otherwise noted, Applicant generally adopts organization of the office action and respectfully responds to each and every rejection, traverses each and every rejection, and request further examination of all now pending

claims. The remaining portion of this Overview of Arguments provides a brief outline of Applicant's arguments why the above rejections are not appropriate. Please note that as explained below in Section I (B)(4), Applicant respectfully submits the rejections of claims 60-62, 63-66, 67-71, 72, 73-64, 75-77, 79, 80-82, 83 and 84 provides insufficient detail to allow Applicant to respond. Applicant respectfully provides a response in Section III(D). Full discussions of each of these arguments are set forth in Section III.

(1) Claims 48-86 Are Sufficiently Definite Because One of Ordinary Skill in the Art Is Capable of Perceiving Temporal Performance Differences.

Applicant respectfully disagrees that the use of the word "substantially" in claims 48-78 and "approximately" in claims 79-86 are "relative term which renders the claims indefinite." As explained in detail in Section III(A) below, Applicant's disclosure provides sufficient basis for those of ordinary skill in the art to understand the phrase "in substantially real-time" and "in approximately real-time" because they are able to understand the well known phases "in near real-time" and "in real-time."

(2) Claims 48-52, 54-56, AND 78 Are Non-Obvious in View of the Relevant Cite Art.

Applicant has investigated the newly relied upon reference, "Newswire," and has submitted additional PHI Website References (see enclosures Exhibits A-N), (hereinafter together with the "Newswire" reference, the "PHI Reference"). Applicant respectfully submits that the PHI References, taken together, provide a better understanding of the scope and teachings of the relied upon art as it would have been understood by one of ordinary skill in the art at the time of the filing.

As discussed in detail in Section III(B) below, Applicant respectfully submits that when viewed in the proper context, the PHI References are non-analogous art. Instead, the PHI References are limited to a software application used by pharmacy benefit management organizations to allow corporate managers of retail pharmacies to monitor and track retail pharmacy operations. In fact, the PHI software merely relates to allowing managers of retail pharmacies oversee the operation of individual pharmacies. Finally, the PHI References do not discuss payment systems or adjudication in the context of a payment system initiating reimbursement from a third party payee at the time of the purchase of goods or services from a point of service provider.

Applicant also respectfully submits that the combination of the PHI Reference(s), Little and Barber is inappropriate because the mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. Illustratively, none of the relied reference teaches or suggests “a payment system ...adapted to receive said substantially real-time adjudicated settlement transaction” nor a payment system “adapted to in substantially real-time debit said payment system access card ...to reimburse said point of service provider of said covered portion.” Moreover, Barber and the notorious practice of “floating funds” teaches against the rational for combining the references.

Finally, Applicant respectfully submits that the Graham factors strongly support non-obviousness, and that claims 48-52, 54-56, and 78 are in allowable form.

(3) Claims 53 and 57-59 Are Non-Obvious Over the Prior Art

Applicant respectfully points out that claim 24 is not now pending in the application and none of the above referenced claims refer to claim 24.

As explained in detail in Section III(C) below, Applicant respectfully submits that: (1) the PHI References are non-analogous art and do not establish obviousness of the claims at issue; (2) reliance upon no less than four references (including Barber which teaches that teaches submission of claims for payment 14 days after rendering of services by a point of service provider) is an indication that the claims at issue would not have been obvious to one of ordinary skill in the art; and (3) none of the relied references disclose a payment system providing for reimbursement of a point of service provider substantially in real-time, near-real-time, or real-time proximate to the time a beneficiary receives the goods or services rendered. As a result, Applicant submits claims 53, and 57-59 are in allowable form.

(4) Claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 79, 80-82, 83, and 84-86 Are Allowable Because Cited Art Fails to Meet the Burden of Showing *Prima Facie* Obviousness.

Applicant respectfully submits that Applicant is presumed to be entitled to a tendered claim unless the analogous prior art shows by the preponderance of the evidence that the claim at issue is not new and useful, or is obvious. *See* 35 U.S.C. §§ 101-103. As discussed in Section II, Applicant is entitled to the claim at issue unless the initial burden to show prima facie obviousness is met. To establish prima facie obviousness, the cited prior art must be analogous prior art that shows each limitations of the claim at issue, the motivation to combine the relied upon references, a reasonable expectation of success and associated reasoning supporting a finding of obviousness. Moreover, Applicant is entitled to have each claim examined separately

and as a whole to ensure each claim is considered the claim as a whole as well as provide Applicant with an adequate opportunity to respond. Because the rejection does not specifically address the words and limitations of each claim initial burden of production to show *prima facie* obviousness has not been met.

As a result, Applicant respectfully submits that the rejection of the claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 79, 80-82, 83, and 84-86, in view of other claims that presumptively have a different scope of claims coverage, is not consistent with proper administrative procedure or the requirement that of meeting the initial burden of showing *prima facie* obviousness. As a result, Applicant respectfully submits that claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 79, 80-82, 83, and 84-86 are in allowable form because the burden of production and persuasion to show *prima facie* obviousness has not been met.

II. STATEMENT OF LAW

When considering an application, the patent law presumes that unless the claimed subject matter is within the prior art, in other words accessible by the public, an Applicant is entitled to receive the requested patent protection.

The Examiner has the initial burden to factually show *prima facie* obviousness. *See* MPEP § 2142. “If the examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of nonobviousness. *See id.* To meet the burden require to show *prima facie* obviousness, the rejection must show that (1) the relied upon analogous prior art references teach or suggest all the limitations of the claim at issue; (2) the prior art provides a suggestion or motivation to modify the reference or to combine reference teachings; and (3) there is a reasonable expectation of success. *See* MPEP § 2142.

The statements and teaching found in the prior art may not be viewed in the abstract. *See c.f. In re Kotzab*, 55 U.S.P.Q.2d 1313, 1317 (Fed. Cir. 2000). Instead, prior art “must be considered in the context of the teaching of the entire reference.” *See id.* Furthermore, “a rejection cannot be predicated on the mere identification ... of individual components of claimed limitations. Rather, particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed.” *In re Kotzab*, 55 U.S.P.Q.2d 1313, 1317 (Fed. Cir. 2000).

Proper obviousness analysis requires the claimed subject matter be considered “as a whole without the benefit of hindsight and the claims must be considered in their entirety.” *Rockwell Int’l Corp.*, 147 F.3d at 1364. Thus, “all words in a claim must be considered in judging the patentability of that claim against the prior art.” *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970), *see* MPEP § 2143.03. Consequently, a limitation or element may not be considered in isolation. Instead, the elements or limitations of the each claim must be considered together as a whole. *See id.* A claimed invention is not obvious unless the analogous prior art teaches or suggests *all the claim limitations*. *See In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974) (emphasis added). **Unless the analogous prior art provides a suggestion or motivation to make or use the claimed invention, a rejection based upon 35 U.S.C. 103 is inappropriate.** *See* MPEP 2116.03 (emphasis added). The motivation or suggestion to make the claimed combination may not glean the from the Applicant's disclosure. *See In re McLaughlin*, 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971); *see also* MPEP § 2145; *see also* MPEP § 2142, *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). Instead, the requisite motivation must be provided by some teaching, suggestion or inference in the analogous prior art as a whole or from the knowledge generally available to one of ordinary

skill in the art. *See Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1052, 5 USPQ2d 1434, 1439 (Fed. Cir.), cert. denied, 488 U.S. 825 (1988). In addition, the level of skill in the art may not be used to provide the suggestion to the cited combined references. *See* MPEP § 2143.01 (citing *Al-Site Corp. v. VSI Int'l Inc.*, 174 F.3d 1308, 50 USPQ2d 1161 (Fed. Cir. 1999)). Moreover, a reference may not be used in a manner that changes the fundamental character of the reference being modified. *See* *Beachcraft v. Broyhill Furniture Industries Inc.*, 681 F.Supp. 1190, 1215 (N.D. Miss. 1988) (holding that “the modification necessary to the primary reference in order to achieve the patented design may not destroy fundamental characteristics of the primary reference.”) The inherent temptation to slip into the use of hindsight or read the Applicant’s teaching into art must be avoided and resisted.

Moreover, “[t]he mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination.” MPEP § 2143.01 (emphasis in original) (citing *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990)). Instead, the proper inquiry is “whether there is **something in the prior art as a whole to suggest the desirability**, and thus the obviousness, of making the combination...” *See In re Fulton*, 391 F.3d 1195, 73 USPQ2d 1141, 1200-01 (Fed. Cir. 2004) (emphasis added); *see also* MPEP § 2143.01.

Finally, “the teaching or suggestion to make the claimed combination and the reasonable expectation of success **must both be found in the prior art**.” MPEP § 2142 (citing *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991)) (emphasis added). Said differently, to establish prima facie obviousness, the cited art must prove that one of ordinary skill in the art could have possessed and practiced the claimed invention.

Thus, when applying 35 U.S.C. 103, the following tenets of patent law must adhere to:

- (A) the claimed invention must consider as a whole, including all claim elements and limitations, but not merely as a mosaic of individual elements;
- (B) the analogous prior art must show every limitation of the claim at issue;
- (C) the analogous prior art must show some suggestion or motivation in the analogous prior art to combine the specific elements shown in the references;
- (D) the analogous prior art must establish that one of ordinary skill in the art would believe the proposed combination or modification had a reasonable expectation of success;
- (E) the references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention or relying upon the skill in the art; and
- (F) each reference must be considered in its entirety and in the context of what one of ordinary skill in the art would have understood at the time of the invention.

In addition, when determining the “scope and content of the prior art”, ascertaining “differences between the prior art and the claims at issue,” and resolving “the level of ordinary skill in the pertinent art,” the Examiner must also consider “such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., [that] ... give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *See Graham v. John Deere*, 383 U.S. 1, (1966) (outlining “Graham Factors”); see also MPEP § 2141.

Finally, a dependent claim is not obvious when the independent claim that the dependent claim references is non-obvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988).

III. REMARK AND ARGUEMENTS

A. CLAIMS 48-86 COMPLY WITH 35 U.S.C. 112, SECOND PARAGRAPH AS BEING DEFINITE

Applicant respectfully disagrees that the use of the word “substantially” in claims 48-78 and “approximately” in claims 79-86 are “relative term which renders the claims indefinite.” Taken as a whole, in context of the disclosure and the ordinary meaning of the words used, the phases “in approximately real-time” and “in substantially real-time” are understandable to one of ordinary skilled in the art and supported by Applicant’s specification. The adjectives “approximately” and “substantially” are within the vernacular and understanding of those of ordinary skill in the analogous art. Just as the terms “real-time” and “near real-time” are relative terms that are well known by those of ordinary skill in the art, the phases “substantially real-time” and “approximately real-time” are within the grasp of those of ordinary skill in the art to understand.

Non-limiting examples of the ordinary meaning of the adjective “approximately”, as provided by various dictionaries, may include: “very similar; closely resembling”; “almost exact or correct”; “nearly the same as”; “near or approaching a certain state, condition, goal, or standard”; “nearly exact; not perfectly accurate or correct: The approximate time was 10 o'clock”; “near; close together”; and “very similar; nearly identical.” Moreover, the ability of those of ordinary skill in the art to understand temporally relative terms such as “real-time” and “near real-time” demonstrate the ability of those of ordinary skill in the art to understand and perceive relative descriptions of time. As a result, Applicant respectfully submits that Applicant’s description of the preferred embodiment combined with the ordinary meaning of the

words sufficiently defines the claimed at issue within the scope and meaning of 35 U.S.C. § 112, paragraph 2.

Applicant respectfully requests that Examiner take note that Examiner did not object to Applicant's previously submitted claims 24 or 36, now cancelled, which used the phase "substantially in real-time." In addition, Applicant respectfully submits that Applicant's specification uses the phase "substantially in real-time" throughout. Likewise, Applicant's use of the word "substantially", "real-time", "time" and the phase "substantially in real-time" throughout the specification provides sufficient context and meaning for one skilled in the art to ascertain the temporal meaning of the claims 48-87.

Applicant submits that the suggestion that a claim must define the exact time, e.g., "five seconds, 10 seconds, one minute or less," relates to implementation details. Applicant respectfully submits such implementation details are not required by 35 USC §112, paragraph 2. Furthermore, Applicant submits that Applicant's teaching sufficiently defines, encompasses, enables, and describes "in approximately real-time" and "in substantially real-time." Finally, Applicant's comments should not be construed to limit Applicant's ability to further claim other temporal aspects of Applicant's invention. Applicant expressly reserves the right to submit additional claims in this application or other applications pending or later filed applications pending from this application to include other aspects of Applicant's system and methods relative to the temporal aspects of the disclosed embodiments.

B. CLAIMS 48-52, 54-56, AND 78 ARE NON-OBVIOUS

Applicant respectfully submits that when viewed in the proper context, the PHI References are non-analogous because the PHI references are focused on (1) enabling a corporate office to manage retail pharmacies and not providing reimbursement of a point of

service provider in substantially real-time, and (2) reviewing operation of a retail pharmacy.

None of the PHI References teaches a payment system.

The relied upon relied does not teach each and every limitation of the claimed “payment system” or the claim as a whole. Instead, the PHI References merely teach corporate oversight of retail pharmacies. In contrast, Applicant’s claim 48 requires a “payment system” that is “adapted to receive said substantially real-time adjudicated settlement transaction” and “in substantially real-time debit said payment system access card for said third party payment amount to be paid by said third party to reimburse said point of service provider of said covered portion.” Moreover, the reimbursement is in response to a point of service terminal “adapted to provide an indication of a purchase transaction in substantially real-time” to an “adjudication engine.”

Applicant respectfully submits that the broad characterization that “any addition that would move the claims processing closer to real-time would be ideal” because the reasoning does not reflect Barber as a whole and has not address the notorious practice of insurance companies delaying payments to create a “float” of money for investment. In fact, Barber teaches delaying initiation of payment to a point of service provider for “a preselected number of days, e.g. 14 days,” *see Barber* col. 7, ll. 53-56, which directly contradicts the cited rational to combine the reference and the manner of the combination.

Finally, as explained below, the Graham factors test strongly support non-obviousness.

(1) PHI References Are Non-Analogous Art and Do Not Teach a Substantially Real-Time Payment System.

(a) PHI References Are Non-Analogous

Applicant respectfully submits that the PHI References are non-analogous art and therefore not admissible to determine obviousness. Analogous art is that which is relevant to a consideration of obviousness under 35 O.S.C. § 103. *See Wang Laboratories, Inc. v. Toshiba Corp.*, 26 USPQ2d 1767, 1773 Fed. Cir. 1993) (*citing In re Sovish*, 769 F.2d 738, 741, 226 USPQ 771, 773 (Fed. Cir. 1985); *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1568 n.9, 1 USPQ2d 1593, 1597 n.9 (Fed. Cir.), *cert. denied*, 481 U.S. 1052 (1987)).

To determine whether prior art is analogous, the court will consider: “(1) whether the art is from the same field of endeavor, regardless of the problem addressed, and (2) if the art is not within the same field of endeavor, whether it is still reasonably pertinent to the particular problem to be solved.” *See Wang* 26 USPQ2d at 1773 (*citing In re Clay*, 966 F.2d 656, 658-59, 23 USPQ2d 1058, 1060 (Fed. Cir. 1992)).

In *Wang*, the patents assigned to Wang Inc. disclosed a "Single In-Line Memory Module" (SIMM)

“having eight data memory chips capable of storing 8-bit binary words or bytes...[and] a ninth chip, which functions as a check or parity bit for error detection. The nine memory chips, which are packaged in plastic leaded chip carriers (PLCCs), are mounted on a single epoxy glass printed circuit board substrate. Decoupling capacitors for suppressing voltage spikes are also mounted on the memory module substrate. Preferably, access terminals are arrayed across the bottom of the device for data input and output, data address and memory control, and device power.”

See Wang, 26 USPQ2d at 1770.

The court held that an Allen-Bradley Co. patent for a “Memory Circuit for Programmable Machines”, sold as an X9 SIMM, was non- analogous art. The court found that the prior art “disclose[d] a SIMM containing nine memory chips, eight for storing data and one for error detection, mounted in a single row” for use in a 9-bit industrial programmable controller. *See id.* at 1773. Similar to the Wang SIMM, the X9 SIMM “consisted of nine memory chips encapsulated in ceramic dual in-line packages (ceramic DIPs) mounted on an epoxy-glass printed circuit board substrate.” *See id.* Yet, the court held that the X9 SIMM “is not in the same field of endeavor as the claimed subject matter merely because it relates to memories. It involves memory circuits in which modules of varying sizes may be added or replaced; in contrast, the subject patents teach compact modular memories.” *See id.*

The court also found that the X9 SIMM was not reasonably pertinent to the ... problem the Wang inventor attempted to solve. *See id.* “A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem.” *See id.* The court found that the patented Wang SIMM was intended for use in Personal PCs while the X9 SIMM was intended for use in industrial controllers. Moreover, the Wang SIMM was implemented with the less expensive DRAM, which are primarily used in personal computers, while the prior art SIMMS are implemented with SRAM, which are larger and more expensive and not used in PCs. *See id.* Moreover, the prior art patent did not teach DRAMS. *See id.* As a result, the court held that prior art SIMM was “not analogous prior art [and] ... could not have rendered the claimed subject matter obvious.” *See id.* at 1774.

Similar to *Wang*, the PHI References are non-analogous art relative to Applicant's disclosed invention because the PHI software is not in the same field of endeavor. The PHI References disclose pharmacy benefit management software providing a "retailer's solution for centralized management and control of all pharmacy transaction." See Exhibit I, PHI website: ProIntercept- Overview 2/17/1997; see also Exhibit H.

Providing a corporate manager a means to oversee and control a retail pharmacy operation is a substantially different endeavor from enabling a third party payee/ insurance company to initiate payment to a point of service provider in substantially real-time proximate to the time a beneficiary receives a service or good provide by a point of service provider. As a result, the PHI References are not in the same field of endeavor.

Similar to the prior art in *Wang*, which did not disclose DRAM, the PHI References disclose adjudication in the context of managing a corporate retail pharmacy company but not a payment system or creating a payment to a point of service provider relative to the time the product or service is provided. Instead, the PHI References focus on identifying corporate manager oversight of retail pharmacy organization to better manage each individual pharmacy. See Exhibits H and M. The cost, complexity and motivation of adjudicating an insurance claim for payment by a third party substantially in real-time involves issues and technical complexities neither addressed nor contemplated by the PHI software or any of the PHI References. As a result, the PHI References are non-analogous art because they are not reasonably pertinent to the problem being solved by the Applicant.

Applicant respectfully submits that the PHI References, as applied to the other previously considered prior art of record, do not show Applicant's claims would have been obvious to one of ordinary skill in the art.

(b) PHI References Do Not Teach or Suggest a Substantially Real-Time Payment System.

Applicant respectfully submits that the "PHI References" are limited in scope and do not enable one of ordinary skill in the art to appreciate Applicant's claims. Applicant submits that at most the PHI References teach providing information to corporate managers to allow corporate oversight and management of retail pharmacies.

(i) *PHI References Merely Teach Providing Information to Allow Corporate Management of Retail Pharmacies.*

While the Newswire PHI marketing release arrogates "comprehensive software for real-time centralized benefit processing," one of ordinary skill in the art would have understood that the PHI software was a limited "retailer's solution for centralized management and control of pharmacy transaction." See Exhibit I. In other words, the PHI software claim editing and adjudication functions were part of a management tool for benefit management organizations to allow a manager to "obtain total centralized control of pharmacy providers and the resulting prescription data." See Exhibit A. Even though the PHI software provides "direct communications interfaces to ... third party administrators" of a pharmacy benefit management organization, the PHI References do not disclose or suggest a payment system or communications with a payment system.

Instead, the PHI software, as understood by those of ordinary skill in the art, only "provides the corporate office the ability to monitor and, if required, manipulate the inbound and

outbound transactions of their retail locations.” *See* Exhibit C. The PHI system does not disclose nor teach a payment system, connection to a payment system nor a method of generating payments from a third party payer to third party provider that is substantially in real-time.

(ii) *Scope of PHI References Limited to Managing Retail Pharmacies.*

Applicant respectfully submits that a secondary reference may not be used to change the fundamental characteristic of the primary reference. The PHI References is used to broadly suggest “real-time processing. However, as Applicant previously demonstrated in Applicant earlier response, Barber is a batch processing system. As a result, the application of the PHI References to Barber is inappropriate. Thus, using the PHI References to impute a “real-time” characteristic to a third payment system would fundamentally change the characteristic and teaching of Barber.

In fact, the PHI References do not disclose a payment system, much less a “real-time” third party payment system. Instead, the PHI References teach “benefit management organization” software to allow a corporate manager of large pharmacy company to oversee operation of retail pharmacies. *See* Exhibits H, I and M. As a result, one of ordinary skill in the art at the time of Applicant’s invention would understand that the PHI References only disclose software limited to providing managers information regarding “pharmacy transactions”, *see* Exhibit H, and “monitor/manipulate...transactions from their retail locations.” *See* Exhibit C.

The PHI software focuses on solving the problem of managing a large corporate retail pharmacy operation. In fact, the PHI References neither disclose, teach or suggest a real-time third party payment system nor address problems associated with generating a payment from a third party payment system. Instead, the PHI References focus on providing “centralized control and management of prescription data” in the context of managing a corporation composed of

retail pharmacy operations. *See* Exhibit A. As a result, applying the PHI References to a payment system would not take into consideration either reference in their entirety and in the context of what one of ordinary skill in the art would have understood at the time of the invention.

Finally, Barber directly teaches delaying payment to a point of service provider. *See* Barber, col. 7, ll. 53-56 (teaching delaying claim adjudication /payment until “after a preselected number of days, e.g. 14 days” after the goods or services are provided by the point of service provider). As a result, Applicant submits that the PHI Reference may not be used to modify the fundamental teaching of Barber, which is to provide a third party payment substantially later in time to providing the goods or service.

(2) Graham Factors Weigh Heavy in Favor of Non-Obviousness

Applicant respectfully submits that the secondary considerations as enunciated in *Graham v. John Deere* demonstrate Applicant’s claims are non-obvious.

(a) Prior Art Teaches Away from Substantially in Real-time Payment by Third Party Payee to Point of Service Provider.

Applicant respectfully submits that the teaching of Barber related to generating payment to a point of service provider and the practice of floating funds support non-obviousness of Applicant’s claims at issue.

Applicant respectfully submits that when considered as a whole and in the context of the prior art, Barber does not provide the required motivation to make the proposed combination. In fact, Barber expressly contradicts the reasoning to “include the teachings of Newswire to the disclosure of Barber so that medical claims and bills processing is achieved in as efficient and expedited manner” because Barber teaches that “a funds transfers request” is generated only

“after a preselected number of days, e.g. fourteen, the amounts covered by insurance on the prompt payment claims.” *See Barber*, col. 7, ll. 53-56.

Moreover, Applicant respectfully submits that the well known practice of third-party payees floating funds to increase payee income directly teaches away from the proposed rational. As explicitly taught in *Barber*, see above, third party payers and insurance companies are notorious for delaying payment of accounts payable, and in particular, payments to point of service providers. In the insurance area, the “float” is the difference between received premiums and claims paid out. The insurer invests the “float” to produce income. While the proposed rational asserts that “any addition that would move the claims processing closer to real-time would be ideal,” Applicant respectfully submits that *Barber* teaches that efficient adjudication is different than “timely” payment. Moreover, *Barber* teaches that even if efficiently is desirable, the goal of efficiency does not transfer into a desire to quickly generate payment by a third party payee to a point of service provider.

Indeed, *Barber* specifically and clearly teaches the practice and desire of delaying submission of claims for payment, which creates a float of funds. Applicant respectfully submits that proposed rationale to combine the references is directly contradicted by *Barber*. In addition, *Barber* directly supports Applicant’s previously submitted arguments that the prior art teaches the desirability of floating funds. Taken together as a whole, *Barber*’s explicit teaching and the practice of floating funds is substantial evidence that weighs heavily in favor of non-obviousness.

(b) Subsequent Adoption by Others supports non-obviousness.

Applicant respectfully submits that the Article “RealMed Launches Local Pilot in Indy,” published October 12-18, 1998 in the Indianapolis Business Journal, stating RealMed had

adopted a “card” containing “information about a person’s health background, insurance plan and demographics” which is “designed to act like a debit card for insurance claims, resolving them at point of service,” shows copying by others of Applicant’s claimed invention. Copying by others supports a finding of non-obviousness.

(c) Disbelief of Those of Ordinary Skill in the Art Shows No Reasonable Expectation of Success to Provide Substantially in Real-Time Payment.

The statement of Frank Goldstein, director of Summit Medical Group, as reported in USA Today indicates a general disbelief that medical claims could result in a payment “to doctors in 48 hours.” *See* Exhibit O. In fact, the statement indicates disbelief that a payment system could act within two days, much less even approaching a “payment system adapted to debit a payment system access card” to provide payment to a point of service provider at the time of the purchase “in substantially real-time.”

Applicant respectfully points to Mr. Goldstein’s statement referring to potential payment to doctors within 48 hours, as shown in Exhibit O, that “I’ll believe it when I see it” indicates strong and substantial disbelief that anyone could in fact provide a system to pay a service provider with 48 hours.

As a result, Mr. Goldstein’s statements are strong evidence of non-obviousness directly supports a conclusion that there would not be a reasonable expectation of success to a system or method as taught by Applicant. As a result, Applicant’s claims at issue would not have been obvious to one of ordinary skill in the art.

3. Specific Arguments: Claims 48-52, 54-56, and 78 Are in Allowable Form

Claim 48

As previously submitted and undisputed, the combination of Barber and Little teach neither real-time claims adjudication, processing, nor a payment system “adapted to in substantially real-time” provide a “third party payment amount to be paid by said third party to reimburse said point of service provider of said covered portion.”

Applicant respectfully submits that claim 48 is non-obvious in view of Barber, in view of Little, and further in view of PHI References. First, as discussed above, the PHI References are non-analogous art. In other words, considered in context and as a whole, the PHI References only disclose providing information to corporate managers to enable oversight of a retail pharmacy, but do not teach or motivate a payment system or a payment system adapted to “debit a payment access card for said third party payment amount in substantially real-time” relative in time to receiving “said payment system access card for payment of a purchase of at least one of a service and product.” As a result, the PHI References may not be used to support a finding of obviousness.

Second, even if the PHI References are analogous art, Barber directly teaches away from the proposed combination. The broad interpretation that efficiency of claims processing implies expedited payment is directly contradicted by Barber’s direct and unambiguous teaching of delaying claims by a “preselected number of days, e.g. 14 days” from the time of purchase. As previously argued in Applicant RCE response, and applied herein, Barber directly support Applicant’s rationale that the well known practice of “floating funds.” As a result, the prior art teaches away from a payment system “adapted to in substantially real-time debit said payment system access card for said third party payment amount to be paid by said third party to

reimburse said point of service provider of said covered portion.” Thus, viewing Barber in its entirety, one of ordinary skill in the art would have viewed a motivation to improve efficiency of claims processing as distinct and separate from any motivation to “debit” a “payment system access card” substantially in real-time.

Indeed, Barber directly teaches that even if the prior art taught a desire for more efficient claims adjudication, one of ordinary skill in the art would not be motivated to “move the claims process to real-time.” Instead, Barber teaches that any motive or desire to improve efficiency is completely separate from a motive or desire applied a payment system for providing a third party payment. Thus, considering Barber in its entirety, Barber teaches that one of ordinary skill in the art would not make the proposed combination to modify the payments system.

Finally, as discussed above, the Graham secondary factors substantially support non-obviousness. Considered as a whole, the Graham factors indicate the claims at issue would not have been obvious to one of ordinary skill in the art because the then art taught against “a payment system comprising a payment system network interface operably coupled to said network and adapted to receive said substantially real-time adjudicated settlement transaction, wherein said payment system is adapted to in substantially real-time debit said payment system access card for said third party payment amount to be paid by said third party to reimburse said point of service provider of said covered portion.” Instead, the prior art taught that payment of a claim should be delayed to increase the float available to the third party payer. Moreover, the art expressed disbelief that a payment system could provide reimbursement even with 48 hours, much less substantially in real-time. As a result, one of ordinary skill in the art would have reasonably believed the proposed combination would likely fail.

Finally, Applicant respectfully submit that Barber, the practice of “floating funds” and the Graham factors do not support combining the PHI References with the other relied upon references. Instead, the opposite result is obtained. Considering Barber in its entirety, Barber and the notorious practice of floating funds directly teaches away from applying the PHI References or extending claims adjudication to any teaching related to a payment system.

As a result, Applicant respectfully submits that the burden of showing prima facie obviousness and that the Graham factors, when considered in the context of the prior art, substantially weigh in favor of non-obviousness. Hence, Applicant respectfully submits that claim 48 is in allowable form and request further examination.

Claim 49

Applicant respectfully submits that prima facie obviousness is not established by the cited art because the cited art does not show “said point of service terminal is located in a pharmacy.” While the Little reference disclose a “medical health care payment request adjudication method and apparatus” which includes using “historical payment request,” defining “master list of payable payment request”, and codifies “a set of interpretive rules” that are related to “patient and health care,” the Little reference does not disclose a “point of service terminal is located at a pharmacy.” In addition, Little does not teach placing the “adjudication apparatus” at a pharmacy.

While Barber teaches “physician terminals” located in “a physician’s office,” Barber does not teach locating a “physician terminal” at a pharmacy. The cited references do not show placement of “physician terminals” in a separate pharmacy or an HMO pharmacy. The references do not provide any description of the manner in which prescriptions are filled in the HMO environment. In addition, even assuming that “specifically large HMO’s have a pharmacy

on the premises,” the references do not show nor is a rational provided to explain how a purchase of a service or a product at an HMO pharmacy located at the same premises as a doctor’s office would involve “at least part of said purchase” being “reimbursable by a third party.”

Moreover, the prior art does not show a “point of network interface coupled to a network and adapted to provide an indication of a purchase transaction in substantially real-time and a card interface adapted to receive said payment access card for payment of a purchase of at least on of a service or product... wherein at least part of said purchase is reimbursable by a third party” located at a pharmacy.

Finally, because claim 49 depends from claim 48, claim 49 is allowable to the extent that claim 48 is allowable.

Claim 50

While Barber discloses “physician terminals” located at a physician’s office, Barber does not disclose “a point of service terminal operably coupled to said network and adapted to provide an indication of a purchase transaction substantially in real-time” or “debiting said payment system access card” substantially in real-time. Instead, Barber teaches that “after a preselected number of days, e.g. fourteen, the amounts covered by insurance on the prompt payment claims are organized by physician and a report generated to create a funds transfer request.” *See* Barber, col. 7, ll. 53-57. As a result, the “physician terminal” disclosed in Barber does not teach nor disclose the claimed invention as a whole.

Otherwise, Applicant respectfully submits that claim 50 depend from claim 48 and is allowable to the extent claim 48 is allowable.

Claim 51

Applicant respectfully submits that as amended, claim 51 is allowable.

Claim 52-55

Applicant respectfully submits that claims 52-55 depend from claim 48 and are allowable to the extent claim 48 is allowable.

Claim 56

Applicant respectfully submits that while Barber discloses a remote terminal including a card reader capable of reading “patient identification cards” or “credits cards”, Barber does not disclose nor teach all the limitations of claim 56. Claim 56 requires a “payment system access card comprising an identification of a beneficiary and financial card information.” As a result, Applicant respectfully submits that the prior art fails to meet the burden for showing prima facie obviousness because the cited prior art does not show each and every element and limitation. In addition, the Graham factor’s analysis shows adoption of the combination after Applicant’s filing date, which is evidence of non-obviousness.

Otherwise, Applicant respectfully submits that claim 56 depends from claim 48 and is therefore allowable if claim 48 is allowable.

Claim 78

Applicant respectfully submits that claim 78 has been amended to better reflect meaning of the claim.

While Barber, Col. 2, ll.21-25 discloses a “centralized processing means including a funds transfer means for transferring funds collected from the insurance carrier directly to a bank account of the appropriate physician,” Barber also teaches delaying payment of claims substantially after the service is provided. *See* Barber, col. 7, ll. 53-56 (teaching delaying funds transfer until “after a preselected number of days, e.g. 14 days.”) Yet, as amended, claim 78 requires “transferring funds to a point of service provider account substantially in real-time

relative to the receipt of said adjudicated transaction in accordance with said adjudicated transaction to said point of service.”

Applicant respectfully submits that the references provide neither a specific rational for combining cited references nor every limitation of the claim as a whole. As discussed at length above, the Barber reference provides no motivation to combine the PHI References teaching relative to “transferring funds.” In addition, as discussed above, the Graham factors strongly favor non-obviousness because Barber and the well known practice of floating funds strongly teach away from the limitations of claim 78 and the disbelief of those of ordinary skill in the art show that there would not have been a reasonable expectation of success that the proposed combination would have worked. As a result, Applicant respectfully submits that claim 78 is non-obvious because the prior art does not teach each limitation present in the claim at issue, the prior art provides no motivation to combine the references, and the Graham secondary consideration strongly favor non-obviousness.

Finally, Applicant respectfully submits that claim 78 depends from claim 67 and is therefore allowable if claim 67 is allowable.

B. CLAIMS 53 and 57-59 ARE NON-OBVIOUS IN VIEW OF CITED ART.

Claims 53 and 57-59 “under 35 U.S.C. 103(a) were rejected being un-patentable over Barber in view of Little in view of Newswire as applied to claim 24, and in further view of Sackler et al.” Applicant respectfully submits that claim 24 is not now pending in the application and none of the above claims refer to claim 24. In addition, Applicant respectfully submits that the rejection of claims 53 and 57-59 by relying upon four separate references, none of which teach, enable or motivate one skilled in the art to combine a “real-time”, “near-real-time”, “substantially real-time”, or “approximately real-time” characteristic to a payment system. In fact, as discussed above, Barber specifically and directly teaches away from the proposed combination.

Applicant respectfully submits that the prior art the motivation to add the teaching of Sackler is not provided. In addition, Applicant respectfully submits that the burden to show prima facie obviousness requires each claim at issue to be considered as a whole to determine whether the claim would have been obvious to one skilled in the art. In addition, the prior art must be considered in its entirety and not merely as a mosaic of elements that may be combined. Thus, the totality of the rational used to justify including each incremental teaching weighs against the proposed combination because an inference upon an inference is an insufficient basis for a rejection.

Claim 53

Applicant respectfully submits that the standard for determining obviousness is not whether the claimed invention “would have been obvious to *someone* skilled in the ordinary art at the time of the invention.” Instead, the appropriate line of enquiry is whether the claimed invention would have been obvious to “one of ordinary skill in the art.” This requires the the

prior art teach or suggest that “one of ordinary skill in the art” would have possessed the claimed invention and would be motivated to make the desired combination or modification to the references. Moreover, the motivation to make the desired combination or modification must be shown in the prior art. Unless the motivation to combine is shown in the relied upon reference, there rejection is inappropriate.

Applicant respectfully submits that Barger Col. 4, ll. 11-34 discloses a number of different types of cards but not a “payment system access card comprising a beneficiary and financial card information.” In addition, Barber Col. 7, ll. 42-50 does disclose “creating a tape for transmission to a credit card company.” Barber also teaches delaying payment for at least 14 days. See Col. 7, l. 54. Considering Barber in its entirety, Barber does not teach a payment system “adapted to in substantially real-time debit said payment system access card” “wherein said payment system is adapted to provide a settlement transaction to be received by a financial network.”

Applicant respectfully submits that, as amended, claim 56 is in allowable form.

Claim 57

While Sackler states a “means for calculating the payment required by the claimant,” Sackler does not teach or suggest calculating “a non-covered portion that is to be paid by the one of a beneficiary and a customer” as part of a “substantially real-time adjudicated settlement transaction.”

Otherwise, Applicant respectfully submits that because claim 57 depends from claim 48, claim 57 is allowable to the extent the claim 48 is allowable.

Claim 58

While Sackler discloses “directly charging a patent’s account,” for the non-covered amount, Sackler does not teach or disclose “said payment system charges said payment access card for said non-covered amount.” Moreover, Applicant respectfully submits that neither Sackler nor Newswire teach the limitation of “substantially real-time adjudication settlement” wherein “said payment system charges said payment access card for said non-covered amount.”

Otherwise, Applicant respectfully submits that because claim 58 depends from claim 48, claim 58 is allowable to the extent the claim 48 is allowable.

Claim 59

Applicant respectfully submits that because claim 59 depends from claim 48, claim 59 is allowable to the extent the claim 48 is allowable.

C. Claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 78, 80-82, 83, and 84-86 Are Allowable Because the Prior Art Fails to Meet Burden of Showing *Prima Facie Obviousness*.

Applicant respectfully submits that the prior art does not provide a sufficient response to allow Applicant to respond. Respectfully, the rejection of claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 78, 80-82, 83, and 84-86 does not specifically point out the factual basis and reasoning as applied to the limitations of each claim. In other words, the rejections do not indicate the require consideration of each claim as a whole and set forth “the relevant teachings of the prior art relied upon”, “the differences in the claim over the applied reference(s),” “the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter” and, “an explanation why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification.” *See Ex parte Clapp*, 227 USPQ 972, 973 (Bd.

Pat. App. & Inter. 1985); *In re Hoch*, 428 F.2d 1341, 1342 n.3 166 USPQ 406, 407 n. 3 (CCPA 1970) (“Where a reference is relied on to support a rejection, whether or not in a ‘minor capacity,’ there would appear to be no excuse for not positively including the reference in the statement of rejection”); *see also* MPEP 702.02(j). The “Examiner has the initial burden of factually supporting any *prima facie* conclusion of obviousness.” *See* MPEP §2142.

Respectfully, these combined duties and burden require any rejection positively set forth the reasons for the rejection that is specific to the limitations enunciated in each claim at issue. Otherwise, Applicant is not under a duty to reply. *See id.*

As a result, Applicant respectfully submits that the rejection of claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 78, 80-82, 83, and 84-86 is without factual basis or sufficient reasoning to support a finding of *prima facie* obviousness. A fundamental presumption of Administrative Law is that an agency must set forth its reasoning to provide an Applicant an opportunity to assess facts and reasoning relied upon to sustain a rejection. Because the rejections do not positively recited the prior art as against each limitation of the claims at issue, rejections fail to meet the burden of production required to establish *prima facie* obviousness. Similarly, the rejection do not provided any reasoning as to why the prior art would teach each limitation of the claim at issue. As a result, the rejections do not meet the required burden of persuasion necessary to shift the burden to the Applicant. Thus, Applicant respectfully submits because the rejection do not meet the burdens of production and persuasion to show *prima facie* obviousness, Applicant is entitled to the claims at issue.

Because the initial burden of showing *prima facie* obviousness had not been met, Applicant respectfully submits that claims 60-62, 63-66, 67-71, 72, 73-74, 75-77, 78, 80-82, 83, and 84-86 are allowable.

IV. Conclusions

In view of the above amendments and remarks, it is respectfully submitted that the present application is in condition for allowance and an early Notice of Allowance is earnestly solicited. If after reviewing this amendment the Examiner feels that any issues remain which must be resolved before the application can be passed to issue, the Examiner is invited to contact the Applicant's undersigned representative by telephone to resolve such issues.

Respectfully submitted,

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